

1 MR. FOREMAN: Good morning, Madam Chair and members of  
2 the Commission. I would like to once again thank you for  
3 offering me the opportunity to revisit with you issues related to  
4 the thoroughbred industry.

5 In my appearance before this Commission last July and  
6 my previous written testimony, I tried to impress upon you the  
7 diverse nature of the racing industry and the vast network of  
8 interrelated jobs and services that are required to present the  
9 daily racing program.

10 Racing provides a significant positive economic impact  
11 from rural communities to urban areas, to entire regions  
12 throughout the country, to racing and the agribusiness of horse  
13 breeding. This huge economic impact is generated because horse  
14 racing, unlike any other sport or gambling activity, creates a  
15 demand for horses and a need for an extensive network of people  
16 who must breed, raise, train, and care for these animals each  
17 day.

18 The lifeline of this vast network of people who work in  
19 racing and related businesses is the dollar wagered at racetracks  
20 and other wage-earning facilities each day.

21 A portion of each dollar wagered at one of these  
22 facilities is allocated to purses, the prize money paid to  
23 winning horse owners. Purse money filters from the owner down  
24 through that vast network of workers and suppliers associated  
25 with each horse and provides the capital for the owners to buy  
26 from the breeder.

1           Purses are the economic engine of racing. A strong  
2 competitive purse structure preserves and creates jobs. Purses  
3 determine the quality of one's racing product. It is  
4 well-established and uncontroverted that a dollar lost by the  
5 racing industry to competition is a dollar lost from handle,  
6 which translates into a dollar lost from purses and a dollar  
7 unavailable to those who work in and depend upon racing for their  
8 livelihood.

9           For the past 20 years, racing has faced increasing  
10 competition from lotteries; gaming; sporting and entertainment  
11 industries; and, quite frankly, from some of our very partners in  
12 the racing business, our own state governments. As a result,  
13 racing has experienced declining economics.

14           In the past 25 years, pari-mutuel wagering's share of  
15 legalized wagering has declined from 28 percent to 7 percent. In  
16 particular, in communities where other forms of gambling have  
17 been introduced and competition with racing, racing has suffered  
18 crippling declines in business.

19           Racing has been struggling to deal with this  
20 phenomenon. And necessary steps are being taken to respond. In  
21 the past year, for example, the thoroughbred industry created the  
22 National Thoroughbred Racing Association to create economic  
23 growth, just as other sports have done in the past.

24           Some states and some racetracks have responded by  
25 seeking alternative forms of gaming as a way of meeting the stiff  
26 challenge created by casinos and lotteries.

1 My recommendation to the Commission relates to that  
2 aspect of your study dealing with alternative forms of gaming at  
3 racetracks. As I said last July and I reiterate today, there is  
4 no industry consensus on this issue.

5 What consensus there is is that the integration of  
6 alternative gaming at some racetracks can help racing in those  
7 venues survive and grow through the allocation of gaming revenues  
8 to enhance purses, preserve and protect live racing, preserve  
9 jobs, and rebuild or improve existing facilities.

10 Where alternative gaming has been introduced at  
11 racetracks, there has been a significant positive impact on  
12 racing through purse enhancement, preservation and growth of live  
13 racing, and rebuilt facilities.

14 In each instance where alternative forms of gaming have  
15 been authorized at racetracks, the decision was made by a state  
16 government based upon public policy considerations and its own  
17 needs. That is, quite frankly, how the racing industry itself  
18 evolved, from state to state throughout the history of our  
19 country.

20 State legislative debate and citizen input at the state  
21 and local level has determined whether racing should be permitted  
22 and whether alternative gaming at those racetracks should also be  
23 permitted.

24 In deciding whether and where to authorize other forms  
25 of gambling, states should not be prohibited or discouraged from  
26 including racetracks, which, quite frankly, are a logical venue  
27 in a potential mix of locations for such gambling.

1           Each state should retain its existing power to  
2 determine whether and how to authorize other forms of gambling at  
3 racetracks and its appropriate relationship to the preservation  
4 and promotion of racing.

5           Given their experience with managing wagering  
6 operations and a large fan base, racetracks should be allowed to  
7 participate in such growth where states decide to expand  
8 wagering.

9           In summary, decisions on whether to authorize other  
10 forms of gaming and where such activity should be permitted  
11 should be left to each state to decide for itself on an informed  
12 basis.

13           Once again, I thank you for affording me the  
14 opportunity to offer you my suggestions on behalf of the racing  
15 industry.